

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
81st Oregon Legislative Assembly
2021 Regular Session
Legislative Revenue Office

Bill Number:	HB 2264 - A
Revenue Area:	Alcohol Revenue
Economist:	Mazen Malik
Date:	03-31-2021

*Only Impacts on Original or Engrossed
Versions are Considered Official*

The revenue impact of this measure is indeterminate for the following reasons:

The measure changes the definition of malt and harmonizes with the federal definition. If Oregon harmonizes with the federal rule on malt beverages, then all hard seltzers will be taxed at the \$2.63 rate for each (33 gallon) barrel, which translates as (\$0.08/gallon) for malt rate. The OLCC has been researching if some seltzers, based on their ABV, should pay at the higher wine rate (\$0.65/gallon). However, current OLCC practice does not use the higher rate, if it did the loss of revenue could be at least \$2 million a year. Accordingly, any loss in revenue is hypothetically assumed to the results of what the OLCC would have determined. The simplification of definitions by aligning to the federal rules might have the benefit of streamlining collections and making it easier to comply and collect.

The measure also changes the Alcohol by Volume (ABV) for Dessert Wine and makes this definition also consistent with federal definition of Dessert Wine. Dessert wine constitutes about 10% of total wine taxes, but the amount of Dessert wine that falls between 14% and 16% ABV is not known. Thus, the change has the potential to slightly reduce revenue that is generated from the (10 cents) difference in wine rates for that subsection of wine.

It is also not clear, however, what would be the other benefits of aligning to the definitions in federal rules.